

Final Calendar Year (CY) 2010 Operating Subsidy Obligation: Reconciliation Methodology

This document explains the methodology that HUD used to reconcile final Operating Subsidy eligibility with amounts previously obligated. It also recommends how public housing agencies (PHAs) should report subsidy amounts for purposes of PHA year-end financial reporting.

Explanation

For the final funding obligation, HUD has compared the final eligibility for each project with the amounts previously obligated. Generally, a project's final obligation will be the difference between the final prorated 2010 eligibility¹ and the amount already obligated. In cases where the amount already obligated exceeds the final eligibility, HUD reduced the final obligation from one or more projects with an excess of final eligibility over the amount previously obligated, as shown in the example below.

Example: A PHA has five projects (see table below). These five projects were obligated \$950 in the first three funding cycles. Combined, these five projects have a final CY 2010 eligibility of \$1,150. Therefore, the PHA overall will need \$200 obligated in the final funding obligation; however, two projects (2 and 5) were obligated more in the first three funding cycles than their final 2010 eligibility. Consequently, in the final funding obligation, HUD reduced the final obligation to other projects, accordingly. In this case, the final funding obligation for Projects 3 and 4 were reduced by \$50 and \$75, respectively. Generally, HUD will adjust final obligations in ascending order (based on project numbers) until overall funding has been reconciled.

Project #	Amount Obligated to Date	Final CY 2010 Eligibility	Final Obligation
PH001000001	\$ 200	\$ 300	\$ 100
PH001000002	\$ 100	\$ -	\$ -
PH001000003	\$ 250	\$ 400	\$ 100
PH001000004	\$ 275	\$ 350	\$ -
PH001000005	\$ 125	\$ 100	\$ -
	\$ 950	\$ 1,150	\$ 200

This amount will be used by PHA for financial reporting

¹ CY 2010 Operating Subsidy proration is 100 percent.

HUD has prepared a reconciliation sheet for each PHA that captures the information contained in the table above.

PHA Year-End Financial Reporting: For financial reporting purposes, PHAs should use the "Final CY 2010 Eligibility" column on the subsidy reconciliation sheet to report the amount of subsidy received by each project for the calendar year.

Recaptures: In rare cases where a PHA as a whole has received more funding in the previous funding obligations than its final subsidy eligibility, the excess funds will be recaptured. The Financial Management Division (FMD) will provide further guidance to PHAs and Field Offices on processing these recaptures.